

[*Shri K. Mohandas*]

people who travel from Delhi to Kerala face the same problem. Therefore, in view of the serious difficulties being faced by the South-bound passengers, I would request the Government to introduce one more direct train from Bombay to Kerala and increase the frequency of the trains between Delhi and Kerala. It is also requested that adequate number of summer specials should also be run in order that the heavy rush may be cleared and relief provided to the travelling public.

12.27 hrs.

STATUTORY, RESOLUTION RE :  
DISAPPROVAL OF SWADESHI COTTON  
MILLS COMPANY LIMITED (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ORDINANCE  
AND

SWADESHI COTTON MILLS COMPANY  
LIMITED (ACQUISITION AND TRANSFER OF UNDERTAKINGS) BILL

[*English*]

MR. DEPUTY SPEAKER : Now we shall take up items No. 12 and 13 together. The time allotted for this subject is one hour. I request Shri Sriram Murty Bhattam to move his resolution and speak on the subject.

SHRI BASUDEB ACHARIA : (Bankura) Only one hour you have allotted for this important Bill.

MR. DEPUTY SPEAKER : That is decided by the Business Advisory Committee. You are all members of the Business Advisory Committee and you people have decided. Now you cannot ask at this stage.

DR. DATTA SAMANT (Bombay South Central) : It is an important Bill, Sir. That is one aspect. Secondly, it was introduced only yesterday...(*Interruptions*).

MR. DEPUTY SPEAKER : No, no. We will consider it. You take your seat.

DR. DATTA SAMANT : Yesterday at 12.30 p. m. only it was introduced. Only one day's time you have given. We have given amendments also on this. It was introduced in the House only yesterday and the amendments were given today morning. They must be taken into account. Yesterday night, we were working upto three O'clock. This is a very important item. Only Education Policy was there yesterday but today you have brought two more Bills.

MR. DEPUTY SPEAKER : One hour is there and you can do it in one hour.

DR. DATTA SAMANT : Sir, under the rule two days' notice must be given unless you give the exemption. Yesterday the House went on up to 3 O'clock... (*Interruptions*). Why should such a short notice be given?

SHRI BASUDEB ACHARIA (Bankura) Time has to be given for this, Sir... (*Interruptions* You postpone it for tomorrow.

MR. DEPUTY SPEAKER : They have circulated the amendments that you have given.

SHRI BASUDEB ACHARIA : They are not yet circulated, Sir.

MR. DEPUTY SPEAKER : They are being circulated.

SHRI BASUDEB ACHARIA : We welcome this Bill, Sir, but still the Members should get ample time to give amendments, to improve the Bill.

SHRI C. JANGA REDDY (Hanamkonda): Item 10 is also introduced today, Sir.

MR. DEPUTY SPEAKER : That is already over. We have taken up items 12 and 13, not item 10.

SHRI BHATTAM SRIRAMA MURTY (Visakhapatnam) : Sir, I beg to move the following Resolution :

“This House disapproves of the Swadeshi Cotton Mills Company Limited

(Acquisition and Transfer of Undertakings) Ordinance, 1986 (Ordinance No. 5 of 1986) promulgated by the President on the 19th April, 1986.”

Sir, the management of the sick textile undertakings of the Swadeshi Cotton Mills Company Limited was taken over by the Central Government in the year 1978 itself. So, between 1978 to 1985—during the period of 7 years—the Government has been taking up the responsibility of running these textile mills. The Government have also made considerable investment in improving the health of the sick units, the management of which the Government has taken over. It was stated that large sums of money were invested. What exactly was the total or quantum of money that was invested is not specified. It is not mentioned anywhere here. It is only merely stated that large sums of money have been invested with a view to making the said undertaking viable. May I ask the Minister one question? What is the total amount which has been so far spent on this account, with the avowed object of making these undertakings viable? Have these undertakings become viable at all after Government assumed the responsibility of these sick mills? That is another point in question.

Sir, it is stated that Government should further invest Rs. 37 crores. After nationalising this industry, that is the amount that is absolutely necessary for making the industry going. It is a very huge investment. Sir, initially the total liability could not be correctly assessed. The Commissioner has got to go into the matter and finally arrived at some figures to give the total amount of liability on account of these sick textile mills. They have given roughly the estimate of the total liability arising out of this. That will be to the tune of Rs 15 crores and the compensation that is to be paid on account of these mills is Rs. 24 crores. The total amount comes to Rs 15 crores and that means, it comes to about Rs. 39 crores or Rs. 40 crores. And now apart from this, further investment is necessary for the purpose of securing the optimum utilisation of the available facilities of manufacture,

production and distribution of cloth, yarn, etc. That amount comes Rs. 37 crores. So, a very huge amount is involved in the proposed nationalisation of these sick cotton mills. Even after spending so much money can we hope that their health will improve, their functioning will improve, they will cease to be in the Red and arrive at break-even position. There is no hope in this regard. During the initial period till these investments are completed, the undertakings are liable to make losses which may have to be recouped by the Central Government. This is what is contained in the Financial Memorandum. Now, in spite of spending so much of money on account of these mills, they are bound to incur losses, in future also. For how many years it will be so, is not known. For how long it will be so, is not known. So, this is the situation today. Sick mills are being taken over by the Government with no prospect of their improvement in the near future. The mills under the management of Government become sick again and then what happens to them? Does the Government bear the expenditure? Are they nationalising these industries only with a view to make payments to the private monopoly houses or with any other higher noble objective? Will it be possible for them to improve the tone and functioning of these industries? That is the point in question. The way the Minister has painted the picture to us gives no hope at all.

The Order freezing the liabilities of the mills is going to expire on 19th April, 1986. On 19th April, the Order prescribing the freezing was fixed. On the same day, on 19th April, they have promulgated an Ordinance. How is it that the Government has kept silent all these years? During the last seven years, it has been there under their own management. They know the position actually. The liabilities were frozen. The Order freezing the liabilities was expiring on 19th April. That cannot be further extended also under the provisions of the existing law. Having known this position fully, how is it that the Government keeps indifferent all the time and wakes up suddenly in the last minute and takes recourse

[*Shri Bhattam Srirama Murty*]

to promulgation of the Ordinance while the Parliament is in session? May be the ruling of the House is there to the effect that one of the Houses is not in session and hence it is not irregular. Even then it involves a question of propriety. Legally it is valid to do so. That does not entitle them to take recourse to these measures continuously, ceaselessly and on a number of occasions while the Session of Parliament is continuing and going on. They should desist from such practices.

You see another interesting aspect. As I have pointed out earlier, the order freezing liabilities expired on 19th April and a letter from the Ministry, to the Secretary-General giving notice of their intention to come forward with a legislation reaches the Secretariat on 30th April, 1986, after 19th, and this is 30th. So, there is slackness everywhere. The Administration does not move at all. Nobody is seized with this matter and, therefore, this is the situation to which I take strong exception. The legislature is being bypassed. They take it for granted. They are often taking recourse to promulgation of Ordinances and bypassing the House. Later, steps are taken to regularise this procedure, by introducing legislation.

This is unfortunate and unwarranted and undesirable.

MR. DEPUTY SPEAKER : Resolution moved :

“That this House disapproves of the Swadeshi Cotton Mills Company Limited (Acquisition and Transfer of Undertakings) Ordinance, 1986 (ordinance No 5 of 1986) promulgated by the President on the 19th April, 1986.”

Shri Khurshid Alam Khan.

THE MINISTER OF STATE OF THE MINISTRY OF TEXTILES (SHRI KHURSHID ALAM KHAN) : I understand the sentiments of the hon. Member on the issue of the Ordinance. But, as the hon. Member had himself stated, 19th April was the last date and many aspects had to be examined

and many loose ends had to be tied up in order to ensure that there is no problem involved in it and, therefore, it was necessary to take recourse to this Ordinance.

In fact, there was no intention of doing it but we had to do it as otherwise the time limitation factor was there and particularly the liabilities would have un-frozen, if this Ordinance was not issued, and this would have resulted in complications. All these un-frozen liabilities would have created problems for us. Soon after the ordinance was issued, we had to refer the matter to the Minister for Parliamentary Affairs in order to find a spot for this Bill to be taken on a particular day and as soon as we got the indication from the Minister of Parliamentary Affairs that it would be possible to find out a suitable slot for this Bill we immediately took action and a letter was issued. There was no intention of delaying the letter nor was there any slackness. We were only trying to find a slot for this Bill.

As regards the main purpose, workers' interests were involved, no doubt. The mills, were under the management of the NTC for about 8 years and since they were working under the management, we were not in a position to invest money on modernisation of these mills. Only the cash losses were made good and the amount of that reimbursed cash losses were about Rs. 35 crores.

This in brief is what I have to say in response to the hon Member...(*Interruptions*) The number of workers is a little over 14000.

SHRI BHATTAM SRIRAMA MURTY : What is the total investment made on these mills during the last 8 years ?

SHRI KHURSHID ALAM KHAN : No investment was made on modernisation as such. As I said the mills were only managed and were not the property of the Government. When the mills are not the

property of the Government, we could not invest in modernisation. This is only the cash losses.

DR. DATTA SAMANT : Who is the owner?

SHRI BHATTAM SRIRAMA MURTY : Large sums of money have been invested in the Swadeshi Cotton Mills with a view to making the mills viable. I am quoting from the Statement of Objects and Reasons.

SHRI KHURSHID ALAM KHAN: Because these mills were not the property of the Government, so no investment was made on modernisation; It is only the cash losses that have been made good.

I beg to move.\*

“That the Bill to provide for the acquisition and transfer of certain textile undertakings of the Swadeshi Cotton Mills Company Limited, with a view to securing the proper management of such undertakings so as to subserve the interests of the general public by ensuring the continued manufacture, production and distribution of different varieties of cloth and yarn and thereby to give effect to the policy of the State towards securing the principles specified in clauses (b) and (c) of article 39 of the Constitution and for matters connected therewith or incidental thereto, be taken into consideration.”

MR. DEPUTY SPEAKER : Motion moved :

“That the Bill to provide for the acquisition and transfer of certain textile undertakings of the Swadeshi Cotton Mills Company Limited, with a view to securing the proper management of such undertakings so to subserve the interests of the general public by ensuring the continued manufacture, production and distribution of different varieties of cloth and yarn and thereby to give effect to the policy of the State

towards securing the principles specified in clauses (b) and (c) of Article 39 of the Constitution and for matters connected therewith or incidental thereto, be taken into consideration.”

SHRI BASUDEB ACHARIA (Bankura): I welcome this Bill for nationalisation of the Swadeshi Cotton Mill Ltd.

The management of these six cotton mills which are now being nationalised was taken over in 1978. Before that there was great agitation by the workers of these six cotton mills. The workers of the Swadeshi Cotton Mills, Kanpur waged a heroic struggle and there was blood shed and even 3 workers were killed in the police firing, so far as I remember, in the year 1973. Then the management of these mills was taken over from Jaipurias, and this taken over period was being extended since 1978. I also once demanded in this House through Rule 377 for nationalisation of these six cotton mills. Takeover of these mills were being extended again and again. After nationalisation of these mills, Government should ensure that the interest of the workers will be fully protected and the money will be available for the modernisation of the mills, to make these mills viable. But Government should see that the modernisation will not affect the job potentiality. Two years back, I personally visited Swadeshi Cotton Mills at Kanpur and the workers there complained that the previous management-owners, Jaipuria—they did not deposit the provident fund money of the workers into their account and even some of the workers were not taken back after taking over of the management of these mills. After nationalisation, I would request the Government that those workers who were not taken back, who were dismissed by the previous management, they will be taken back after nationalisation of these mills.

There is a provision to pay compensation to the previous management - Rs. 24 crores.

\* Moved with the recommendation of the President.

SHRI SOMNATH CHATTERJEE (Bolpur) Shame. Why Rs. 24 crores to be paid.

SHRI BASUDEB ACHARIA : Why you are paying compensation to the management who have looted the money and diverted the amount which was sanctioned by different financial institutions. So, you nationalise these mills. But do not pay any compensation to the management. You pay only one rupee compensation, that is enough

SHRI SOMNATH CHATTERJEE : It is no longer a fundamental right.

*(Interruptions)*

There are 14000 workers. We are here now only 14 members.

SHRI BASUDEB ACHARIA : I would also like to say that there are other mills also whose management have been taken over by the Government like the Sri Durga Cotton Mills at Srirampur. I have requested the Minister about this several time and also wrote letters to him.

SHRI SOMNATH CHATTERJEE : He says that he has no money.

SHRI BASUDEB ACHARIA : Also please nationalise those cotton mills, whose management have already been taken over and nationalise the textile industry - all textile industry and jute industry, in the interest of the workers and the nation.

Cotton and Textile Industry constitute 10 per cent of the total industrial production. There are 32 lakhs ... *(Interruptions)* of people involved in cotton sector and 75 lakhs in the handloom sector and livelihood of these six crores of people depends on these industries.

These industries export yarn and fabrics worth about Rs. 1000 crores which amounts to 20 per cent of the total Indian export.

These business houses which control this industry have systematically attempted

not to increase the production of the cloth in the mills since 1951 which has resulted in bringing down the share of the mill sector to a mere 30% of the total cloth production in the country, leaving the rest 40% to the power-loom sector and 30% to the handloom sector.

This happened inspite of an assistance of Rs. 100 crores from the Government for the modernisation of industry between 1974 and 1981. The IDBI sanctioned Rs. 581.25 crores as loan at concessional rate of interest all over the country.

The profit hungry mill tycoons prefer to produce less and to earn more by raising the prices of the cloth. In the year 1978 the average value of a metre of cloth was Rs. 5.56 when the per capita off-take stood at 11.60 metres. In the year 1981 when the average value per metre went upto Rs. 8.92 per metre, the per-capita off-take fell to 9.40 metres.

Instead of making cloth cheaper and increasing consumption of cloth indigenously the Government of India allowed the mill owners to increase the price of cloth which has been primarily responsible for dwindling the internal market of the cloth, textiles.

Till now three cotton mills have been closed down and one lakh workers have been thrown to the streets. More cotton mills are on the verge of closure. So, you should save this industry which is in a grave crisis. Your new textile policy will not save this textile industry. The new textile policy was formulated to look into the interests of the big mill owners, not the small owners and certainly not the interest of the textile workers. To save this textile industry, you have to nationalise this industry and you have to make the management of NTC more efficient.

With these words I support the nationalisation of Swadeshi Group of Cotton Mills.

[*Translation*]

SHRI PRATAP BHANU SHARMA (Vidisha) : Mr. Deputy Speaker, Sir, I want to express my views in support of the Bill presented before the House in connection with the taking over of the Swadeshi Cotton Mills Company Limited. As the preceding hon. Member has stated, an effort has been made to give new shape to the 6 cotton mills taken over in 1978 by the Government of India, through this Bill. It is a commendable step that all the mills have been brought under the National Textile Corporation management and a measure has been adopted to improve the conditions of service of the workers, to increase the production and to modernise the mills. Every one knows that in 1978, at the time of taking over of its management by the Government, there was dissatisfaction among the workers, the functioning had been totally disrupted and there was no production. Keeping in view all the circumstances, the mills were taken over. After 1980, our Government has been endeavouring for the constant modernisation of these mills, for increasing the facilities for the workers and for increasing the production of these mills up to their installed capacity. When the take over period was going to expire on 19th April, the company was taken over by an Ordinance. Therefore, it became necessary to acquire through an Act all the liabilities and assets of those mills, about whose modernisation and smooth functioning the Government had been taking keen interest. As has been shown, in doing so, the Government has to bear an extra expenditure of Rs. 24 to 25 crores. There does not seem to be any other difficulty in this. If Government has to spend an extra amount of Rs. 24 to 25 crores in modernising the mills, in increasing the production of the cloth and in giving more facilities to the workers and if in the interest of the nation, all these mills with their assets are brought under the public sector, then it will be a great achievement. I would like to say that the way some textile mills were taken over in 1983, if these mills have been brought under the National Textile Corporation, then it is essential today that its management is competent enough and for this purpose, the

management should be handed over to the professional people so that it is wellmanaged like a good venture. We are well aware that there is enough scope for the production of indigenous textiles of superior quality, yet even at present, the Government or other mills cannot adequately supply good quality cloth in the rural areas. If we compare the rural and the urban areas, we would find a wide gap in their mode of consumption. Today, we have developed the know-how for producing textiles of superior quality including polyester, terycot and terylene which are widely used in the urban areas. However, in our villages, textiles of inferior quality, having less yarn are still used and which have been in use for the last 50 to 60 years. What I want to say is that we have developed new technologies in this field and our production has also increased. Besides, new varieties of cloth are being produced on a priority basis. Hence, we must exercise our control on the quality and price of the fabrics. In addition to this, we should make an effort to replace the kind of textiles which the rural people are using at present and which they have been using for so many years which the newer varieties of clothing materials. Attention must be paid towards this also.

I would like to submit one thing more. Whereas we have formulated a new scheme after acquisition of these mills, we should increase the areas of functioning under the nationalised mills. Where cotton is produced, it should be ensured that the farmers get the support price. But the farmers are not getting the same at present. Again, we produce enough cotton in our country. If we are unable to export the surplus cotton, or we are not able to make other arrangements for it, then new textile mills and new spinning mills should be opened so that the surplus cotton could be utilized for the benefit of the nation.

Finally, I would like to offer one suggestion about the management. It is essential to pay attention to this matter once again. If the management of the National Textiles Corporation could be divided into 4 or 5 units on a regional basis or if it

[*Shri Pratap Bhanu Sharma*]

could function as separate limited companies, then there could be a definite improvement in the quality of its management. If these mills are better managed, the production of textiles in this country would increase. Hence by running the mills on professional lines we could turn these mills into profitable units.

13. 00 hrs.

In the end, while supporting the Bill, I would say that it was presented at the appropriate time, with necessary amendments and by-laws in the House, and this would bring about an improvement in the quality of management and in the functioning of the 6 mills under 'Swadeshi' Group of Cotton Mills. I would now conclude by expressing my thanks to the hon. Minister for his efforts.

13. 01 hrs.

*The Lok Sabha then adjourned for Lunch till Fourteen of the Clock.*

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*The Lok-Sabha re-assembled after Lunch at Five minutes past Fourteen of the Clock*

[MR. DEPUTY SPEAKER *in the Chair*]

STATUTORY RESOLUTION *RE:*  
DISAPPROVAL OF SWADESHI COTTON  
MILLS COMPANY LIMITED (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ORDINANCE

AND

SWADESHI COTTON MILLS COMPANY LIMITED (ACQUISITION AND TRANSFER OF UNDERTAKINGS) BILL—*CONTD.*

[*English*]

MR. DEPUTY SPEAKER: Shri Thampan Thomas. Only five minutes please. There are so many members who want to speak.

SHRI THAMPAN THOMAS (Ernakulam): I welcome this Bill because this is meant for the acquisition of private property. But I would like to draw the

attention of the hon. Minister as to how it was mismanaged earlier and how the Government was compelled to take it over under the Industrial (Development and Regulation) Act. Usually, it is very difficult to invoke the jurisdiction under the Industrial (Development and Regulation) Act for a textile mill, because it is not a scheduled factory and it does not come under the Schedule. It can only be taken over on the ground of public importance. I understand that this 'public importance' factor can be applied, or it came into being only because a large sum of money was taken by this Company from public institutions. And that money was spent not in the interest of the company or for the development of the factory. The money was misused. So, in this context, the Government was compelled to invoke the jurisdiction of the Industrial (Government and Regulation) Act.

Therefore, this Bill will bring light how the private companies are making money at the cost of public exchequer. This is so in the case of most of the private enterprises in this country. By and large, these private entrepreneurs take money from the public institutions, invest it in their factory and they spend it mostly for their own purposes. Ultimately they make the company sick and the Government will be compelled to take it over. Therefore, in this light I welcome this Bill and here I would like to suggest that since the management of the Company have misused the public funds and because the jurisdiction under Industrial (Development and Regulation) Act was to be invoked on account of public interest, no compensation should be paid to the company. It should be taken over without any compensation so that it will act as a lesson to the other people also who are misusing the public funds.

Another aspect which I would like to point out in this context is about promulgation of ordinances. It appears that there was an ordinance in April 1986. This seems to be the trend of the administration or the executive in this country. Even when the Parliament is in Session, they happened to pass the ordinance. The usual practice of executives in various State Governments